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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

THIS LEASE AGREEMENT is made this

PAID UP OIL AND GAS LEASE

(No Surface Use)

whose addresss is 5000 NEI STREET		n FXQS	16119		as Lessor,
and, <u>DALE PROPERTY SERVICES</u> , <u>L.L.C.</u> , <u>2100 Ross Avenu</u> hereinabove named as Lessee, but all other provisions (including	ie, Suite 1870 Dalias Te	xas 75201, as Lessee	 All printed portions of the larger and 	of this lease were preparent	ared by the party
In consideration of a cash bonus in hand paid and it	g the completion of blank s the covenants berein cont	paces) were prepared ained. Lessor hereby	r orants. Teases and k	tessee. Its exclusively to Less	see the following
described land, hereinafter called leased premises:			8	•	•
ACRES OF LAND, MORE OR LESS,	BEING LOT(S)	13		BLOCK	18
OUT OF THE JT COUCH	DENIO EO 1(0)		ADDITION AN	N ADDITION TO T	HE CITY OF
	FARRANT COUNTY	TEYAS ACCO			
	39 OF	THE DIAT REC	UDUS VE TABBI	ANT COUNTY, TE	TECONDED
TO VOLUME TOOL TO THE TOTAL TOT	<u> </u>	THE FEAT NEO	OUDO OL TURK	WI 000MII, IL	-7770.
In the County of Tarrant, State of TEXAS, containing _ • 🗟 c	3.3 gross acres.	more or less (Includin	g any interests therein	which Lessor may her	eafter acquire by
reversion, prescription of otherwise), for the purpose of explor	ing for, developing, produ	cing and marketing o	il and gas, along with	all hydrocarbon and i	non hydrocarbon
substances produced in association therewith (including geo	physical/seismic operation	s). The term "gas"	as used herein inclu-	ies helium, carbon di	loxide and other
commercial gases, as well as hydrocarbon gases. In addition land now or hereafter owned by Lessor which are contiguous o	to the above-described lea	iseo premises, inis ie voorbed leesed Dremi	ase also coyers accre	Jons and any small at Ilon of the aforementin	nps or parceis or
Lessor agrees to execute at Lessee's request any additional or s	supplemental instruments t	or a more complete o	r accurate description of	If the land so covered,	For the purpose
of determining the amount of any shut-in royallies hereunder, the	number of gross acres at	ove specified shall be	deemed correct, whe	her actually more or le	88.
		F 75. 90	5		
2. This lease, which is a "paid-up" lease requiring no rents	als, shall be in force for a p	rimary term of <u>FIU</u>)years from the dat	
as long thereafter as oil or gas or other substances covered here otherwise maintained in effect pursuant to the provisions hereof.	eby are produced in paying	draumes tour me i	eased premises or from	I lands pooled therews	in or this lease is
Royalties on oil, gas and other substances produced a	and saved hereunder shall	be paid by Lessee to	Lessor as follows: (a	a) For oil and other ligi	uid hydrocarbons
separated at Lessee's separator facilities, the royalty shall be r	TOTAL HUME FILLER PAR	7/19/7 (25	%) of such production	n, to be delivered at Le	essee's option to
Lessor at the wellhead or to Lessor's credit at the oil purchaser	s transportation facilities, p	provided that Lessee	shall have the continui	ng right to purchase su	uch production at
the wellhead market price then prevailing in the same field (or prevailing price) for production of similar grade and gravity;	(b) for use (including or	hen prevailing in the	same neid, then in the	rovered bereby the	rovetty shell he
TWENTY FIVE PETCENT (25 %) of the	proceeds realized by Le	sing ficat gas, and ssee from the sale	thereof, less a propor	tionate part of ad val	lorem taxes and
production, severance, or other excise taxes and the costs incu	rred by Lessee in delivering	g, processing or other	erwise marketing such	gas or other substance	es, provided that
Lessee shall have the continuing right to purchase such product	ion at the prevailing wellhe	ad market price paid	for production of similar	ar quality in the same fi	ield (or if there is
no such price then prevailing in the same field, then in the near	est field in which there is	such a prevailing price	e) pursuant to compare	ible purchase contract:	s entered into on
the same or nearest preceding date as the date on which Lesse more wells on the leased premises or lands pooled therewith an	e commences as purchas e canable of either produci	as neieunder, and (c) no oil or das of Olber	at the end of the prin	nary lenn or any lime ereby in navino quantif	thereamer one or
are waiting on hydraulic fracture stimulation, but such well or we	lls are either shut-in or pro	duction there from is a	not being sold by Lesse	e, such well or wells s	hali nevertheless
be deemed to be producing in paying quantities for the purpose	of maintaining this lease.	If for a period of 90	consecutive days such	r well or wells are shut	l-in or production
there from is not being sold by Lessee, then Lessee shall pay	shut-in royalty of one doll	ar per acre then cove	ered by this lease, suc	h payment to be made	e to Lessor or to
Lessor's credit in the depository designated below, on or before while the well or wells are shut-in or production there from is not	the end of said 90-day pe	eriod and ineresiter of virted that if this less	n or before each anniv	arsary or me end or sa abtained by operations	sig su-day period
is being sold by Lessee from another well or wells on the lease	d premises or lands poole	d therewith, no shut-i	n royally shall be due	until the end of the 90	Inday period next
following cassation of such operations or production. Lessee's	failure to properly pay shi	it-in royalty shall rend	ler Lessee liable for th	e amount due, but sha	all not operate to
terminate this lease. 4. All shut in royally payments under this lease shall be a	aid or landared to Lance.			barra - ar ita guagaa	earn which aboil
 All shut-in royally payments under this lease shall be p be Lessor's depository agent for receiving payments regardless. 	of changes in the ownershi	or to cessor s credit if n of said land. All nav	ments or tenders may	be made in currency of	sors, which shall or by check or by
draft and such payments or tenders to Lessor or to the deposito	ry by deposit in the US M	ails in a stamped env	elope addressed to the	e depository or to the L	essor at the last
address known to Lessee shall constitute proper payment. If the	e depository should liquida	te or be succeeded b	y another institution, o	r for any reason fail or	refuse to accept
payment hereunder, Lessor shall, at Lessee's request, deliver to	Lessee a proper recordab	e Instrument naming	another institution as d	apository agent to rece	ive payments.
Except as provided for in Paragraph 3, above, if Lesser premises or lands pooled therewith, or if all production (whethere)	e ariiis a well which is ince er or not in naving quanti	pable of producing in	paying quantities (here	analter called "dry nois including a revision of	Deseal ant no ("s
pursuant to the provisions of Paragraph 6 or the action of an	y governmental authority.	then in the event the	nis lease is not otherv	vise being maintained	in force It shall
nevertheless remain in force if Lessee commences operations for	or reworking an existing w	et) or for drilling an ad	ditional well or for othe	erwise obtaining or rest	toring production
on the leased premises or lands pooled therewith within 90 days	after completion of opera	lons on such dry hole	or within 90 days afte	r such cessation of all I	production. If at
the end of the primary term, or at any time thereafter, this leas operations reasonably calculated to obtain or restore production	therefrom, this lease shall	namamed in force of remain in force so lor	or as any one of more	iged in driving, rework of such operations are	on any omer
no cessation of more than 90 consecutive days, and if any suci	h operations result in the i	production of oil or ga	is or other substances	covered hereby, as lo	ang thereafter as
there is production in paying quantities from the leased premise	s or lands pooled therewil	 h. After completion of 	if a well capable of pro	ducing in paying quan	itities hereunder,
Lessee shall drill such additional wells on the leased premises or to (a) develop the leased premises as to formations then capal	lands pooled therewith as	a reasonably pruden	l'operator would drill u	ider the same or similar	ar circumstances
leased premises from uncompensated drainage by any well or w	velis located on other land	quantus on the real	sed premises or ianos n. There shall be no co	pooled increwin, or (evenant to drill explora	tory wells or any
additional wells except as expressly provided herein.					
6. Lessee shall have the right but not the obligation to po	ol all or any part of the lea	ased premises or inte	rest therein with any o	ther lands or interests,	as to any or all
depths or zones, and as to any or all substances covered by the proper to do so in order to prudently develop or operate the leas	nis lease, either before or	after the commencer	nent of production, wh	enever Lesses deems	it necessary or
unit formed by such pooling for an oil well which is not a horizon	eu premises, whether or n ital completion shall not ex	ot sirmai puoling aut reed 80 acres plus a	ionty exists with respec- maximum acreage fol	erance of 10%, and fo	ra das well or a
horizontal completion shall not exceed 640 acres plus a maximus	m acreage tolerance of 10°	%: provided that a lan	er unit may be formed	l for an oil well or gas v	vell or horizontal
completion to conform to any well spacing or density pattern that	t may be prescribed or per	mitted by any govern	mental authority having	i jurisdiction to do so.	For the purpose
of the foregoing, the terms "oil well" and "gas well" shall have the prescribed, "oil well" means a well with an initial gas-oil ratio of le	ie meanings prescribed by	applicable law or the	e appropriate governm	ental authority, or, if no	o definition is so
feet or more per barrel, based on 24-hour production test col	uducted under normal arc	t per panerano gas i ducina conditions us	well means a well wild ing standard lease se	an muai gas-on raud t naraiot facilities or et	nivalent lesting
equipment; and the term "horizontal completion" means an oil	well in which the horizon	ital component of the	e gross completion int	erval in facilities or ed	quivalent testing
equipment; and the term "horizontal completion" means an oil v	well in which the horizonta	I component of the g	rosa completion interv	al in the reservoir exce	eeds the vertical
component thereof. In exercising its pooling rights hereunder, Production, drilling or reworking operations anywhere on a unit	Lessee shall file of record	a written declaration	describing the unit an	o stating the effective	date of pooling.
reworking operations on the leased premises, except that the pre-	oduction on which Lessor'	s toyally is calculated y part or ore reased (nemises situi pe tiea shall be that proportio	n of the total unit produ	uction, unlining of
net acreage covered by this lease and included in the unit bea	rs to the total gross acrea	ge in the unit, but on	ly to the extent such a	proportion of unit produ	uction is sold by
Lessee. Pooling in one or more instances shall not exhaust Les	see's pooling rights hereu	nder, and Lessee sha	ill have the recurring ri	ght but not the obligati	ion to revise any
unit formed hereunder by expansion or contraction or both, eith	er before or after comme	ncement of production	n, in order to conform	to the well spacing or	r density pattern
prescribed or permitted by the governmental authority having ju making such a revision, Lessee shall file of record a written dec	MSUICION, OF to conform to	any productive acre	age determination mad	ie by such governmen	na authority. In
leased premises is included in or excluded from the unit by virtue	e of such revision, the pro-	aeu unit and stating t portion of unit product	ion on which revallies	are payable hereunder	rshall thereafter
be adjusted accordingly. In the absence of production in paying	quantities from a unit, or u	pon permanent cessa	ition thereof, Lessee m	ay terminate the unit b	y filing of record
a written declaration describing the unit and stating the date of te	rmination. Pooling hereun	der shall not constitute	e a cross-conveyance (of interests.	

- 7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises.
- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferse to satisfy such obligations with respect to the transferred interest, and failure of the transferse a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the Interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby. Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced.

If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

- If Lessee releases all or an undivided Interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained haraunder.

 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egrees along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone tines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat end/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease, and (b) to any other lands in which Lessor's wells or your depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands produced therewith. When requested by Lessor in which lesses or other lands, and to commercial limber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or including velocities of the production or other perations are prevented or delayed by such laws, rules, regulations or orders, or by Inability to obt

- there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee falls to do so.
- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalfy or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee such option, Lessee shall be subrogated to the rights of the party to whom payment in made, and in addition to its other rights made and in addition to its other rights. The event was a payment in made, and in addition to its other rights made and in addition to its other rights.
- whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

 18. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other contrary.
- 17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

 DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to after the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE) X GERACOINE A. JACKSON By: ACKNOWLEDGMENT STATE OF TEXAS vas acknowledged before me on the 15th day of TWE

OF A. SCKISON, A SINGLE PERSON KISHA G. PACKER POLK Notary Public, State of Texas ary Public, State of TEVUS My Commission Expires lary's name (printed): Notary's commission expires: April 15, 2012 STATE OF COUNTY OF This instrument was acknowledged before me on the 2008.

> Notary Public, State of Notary's name (printed): Notary's commission expires:



DALE RESOURCES 3000 ALTA MESA BLVD, STE 300

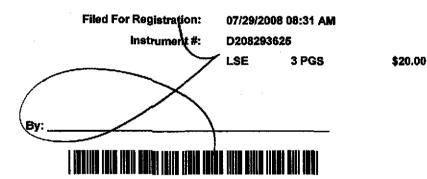
FT WORTH

TX 76133

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



D208293625

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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